

DOCKET NO. 2020-229-E

Dominion Energy South Carolina,
Incorporated's Establishment of a Solar Choice
Metering Tariff Pursuant to S.C. Code Ann.
Section 58-40-20

NO. _____

DESC Responses to Vote Solar Data Request No. 2-3 and ORS Data Request 1-7

VOTE SOLAR
SECOND SET OF DATA REQUESTS TO
DOMINION ENERGY SOUTH CAROLINA, INC.
SC PSC DOCKET NO. 2020-229-E

REQUEST 3:

Did Ms. Everett perform the analysis described by Act 62 to look at whether customer-generators, treated as a class for analytical purposes only, would provide an adequate relative rate of return relative to other classes?

- a. If so, please provide the study and the load data (and production data if applicable) from customer-generators used to perform the analysis.
- b. What was the relative rate of return for existing customer-generators compared to the relative rate of return for those customers if they were billed under Subscription solar choice rate and rider.

RESPONSE 3:

- a) The Company did not perform such an analysis.
- b) Given the pricing design, DESC receives the same allowed rate of return for Transmission and Distribution from the Solar Choice Subscription customers as Rate 8 and Rate 9 customers. DESC is only risks not collecting its allowed rate of return on production 'fixed (not marginal) costs as those costs continue to be collected via a volumetric charge. For various reasons related to customer acceptance and rate design theory, these costs were deemed more appropriately collected through a 'flat' volumetric rate. It should be noted that to the extent that avoided capacity costs include a rate of return, the Company's overall future earnings decline as customers avoid generation costs, but the rate of return stays the same.

Person Responsible: Margot Everett

**DOMINION ENERGY SOUTH CAROLINA, INC.
SOUTH CAROLINA OFFICE OF REGULATORY STAFF'S
FIRST AND CONTINUING REQUEST FOR PRODUCTION
OF BOOKS, RECORDS, AND OTHER INFORMATION
DOCKET NO. 2020-229-E**

REQUEST NO. 1-7:

Does DESC intend to perform an embedded COS study to evaluate the cost shift of solar customers, as directed by Act 62? If so, when does DESC anticipate filing that information and what opportunity will parties have to review and respond to those findings?

RESPONSE NO. 1-7:

DESC has no plans to perform an embedded COS study of solar customers only to evaluate the cost shift of solar customers in this proceeding.

DESC included an estimate of the current cost shift of NEM customers in testimony. This estimate was based on a combination of existing embedded cost and marginal cost studies.

This analysis assumes that current rates are cost based, and have been adjudicated before the Commission, and thus dictate the revenue to be allocated to a NEM customer prior to that customer installing NEM. The analysis then allocates costs by function using the unit costs for each class, which are based on embedded costs filed in DESC's most recent rate case in PSC Docket No. 2020-125-E. Then the costs are further differentiated by the allocation factors designed to allocate Energy and Production Marginal costs to hours.

These embedded costs are then used to determine how much the solar customer should pay versus the amount they actually pay after installing their customer generation. Finally, this estimate was then reduced by DESC's calculation of marginal avoided costs from the customer generator to compute the final cost shift.

Further, the rate is designed based on the assumption that the key driver to NEM Residential and Small General Service customers cost of service for transmission and distribution has shifted from customer demand to system size as it is the system size that drives the needed delivery or export capacity.

PERSON RESPONSIBLE: Margot Everett and Allen Rooks

